

**MINUTES OF REGULAR MEETING
ILLINOIS GAMING BOARD
January 15, 2004
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

The Illinois Gaming Board ("Board") held its Regular Meeting on January 15, 2004 in the Auditorium on the 5th floor of the State of Illinois Building, Chicago, Illinois, pursuant to the Illinois Open Meetings Act, 5 ILCS 120/1 et seq.

The following Board Members were present: Chairman Elzie Higginbottom and Member Violet Clark. Members Gary Peterlin and William Dugan were present telephonically.

Chairman Higginbottom convened the January 15, 2004 Regular Meeting at 8:40 A.M. in the 3rd floor Board Conference Room. Member Clark moved that **pursuant to Section 2(c), paragraphs (1), (11), (14) and (21) of the Open Meetings Act and Section 6(d) of the Riverboat Gambling Act, the Board retire to Closed Session to discuss the items listed under Closed Session on today's (January 15, 2004) agenda and relating to the following subject matters:**

- 1. Pending litigation and matters involving probable litigation;**
- 2. Investigations concerning applicants and licensees;**
- 3. Personnel matters; and**
- 4. Closed session minutes.**

Member Peterlin seconded the motion. The Board adopted the motion by unanimous consent and retired to closed session.

The Board convened its Open Session at 1:10 P.M. Member Dugan was present telephonically. Member Peterlin was not present for the Open session portion of the meeting.

Minutes

Member Clark moved **that the Board approve the closed session minutes of its Regular Meeting of December 9, 2003 and Special Meeting of December 15, 2003 and the open session minutes of its Regular Meeting of December 9, 2003 and Special Meeting of December 15, 2003.** Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

Member Clark moved that **all portions of the closed session minutes of the Illinois Gaming Board from June 3, 2003 through and including December 15, 2003, for which the need for confidentiality no longer exists, be made available for public inspection in**

accordance with the Open Meetings Act. Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

New Business

Member Clark moved that **Argosy Gaming Company's request to waive the Two-Meeting Rule be added to the agenda as an item for Initial Consideration and, if the waiver is approved, to the agenda as an item for Final Action to consider its Request to Refinance.**

Further, Member Clark moved that **the discussion of the Argosy Gaming Company item be placed on the public agenda for deliberation and decision. Further, I move that the Agenda for the open session for today's meeting be amended to include Argosy Gaming Company's requests.**

Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

Chairman's Report

Chairman Higginbottom stated that the Board has been continuing to work over the last three weeks to resolve the issue of the Emerald Casino license. Chairman Higginbottom stated that the Board is looking forward to reactivating the license. Chairman Higginbottom stated that reactivating the license would provide much needed tax revenue to the State of Illinois. Chairman Higginbottom stated that the Board is committed to a full disclosure process as the Board moves forward with the sale of the 10th license.

Chairman Higginbottom provided a schedule of events for the proposed sale. Chairman Higginbottom stated that the deadline for submitting the initial bids to the Rothschild Company would be Monday, January 19, 2004. Chairman Higginbottom stated that even though January 19th is a State holiday, the Gaming Board office would be open. Chairman Higginbottom stated that on Tuesday, January 20, 2004, the initial bids would be publicly opened at 11:30 A.M. in room C-500 at the Michael A. Bilandic Building, 160 N. LaSalle, Chicago, Illinois. Chairman Higginbottom stated that during that time, the Board would announce to the public the companies that have bid and the locations that they have bid to construct the new casino. Chairman Higginbottom stated that the dollar amount of each bid would not be disclosed until January 29, 2004. Chairman Higginbottom stated that the delay in announcing the dollar amount is necessary in order give the Rothschild Company time to verify and analyze each bid. Chairman Higginbottom stated that on Thursday, February 5, 2004, at the Board's Regular meeting, the Board would receive public comment regarding the bids that were submitted. Chairman Higginbottom stated that Monday, February 23, 2004, after the Board and Staff has analyzed the bids the Board will designate three submissions for final bid. Chairman Higginbottom stated that on Monday, March 1, 2004, the Board would hold a special meeting at which time the three final bidders would make a

public presentation to the Board with regard to their bid and their plans. Chairman Higginbottom stated that on Thursday, March 4, 2004, the Board would hold another Special meeting to receive public comments regarding the presentation made by the three finalist. Chairman Higginbottom stated that on Friday, March 5, 2004, the Board would identify one of the final bidders as the lead bid proposal. Chairman Higginbottom stated that on Wednesday, March 10, 2004 there would be a public auction held among the three final bidders. Chairman Higginbottom stated that on Thursday, March 11, 2004, the Board would review and discuss the auction. Chairman Higginbottom stated that on Monday, March 15, 2004, the Board would announce the winning bidder. Chairman Higginbottom stated that when a final bidder is selected, there will be a great deal of investigations that will take place, and it is expected to be completed by July of 2004. Chairman Higginbottom stated that the new casino should be open within 18 months of that time.

Chairman Higginbottom commended the Board members, former Board members, and Staff for their hard work and patience that it has shown during the process and for the quality of work that Staff has produced in analyzing and discussing the 10th license and all of the issues that surrounded it. Chairman Higginbottom stated that the Board is looking forward to the 10th license operating so that the citizens of the State of Illinois would benefit from the revenue that they were suppose to benefit from when the 10 licenses were originally issued.

Administrator's Report

Interim Administrator Tamayo stated that the item listed on today's (January 15, 2004) agenda under Administrative Hearings – In Re the Disciplinary Action of Kimberly R. Johnson, No. DC-02-14 – Recommended Decision, would be tabled for the February 5, 2004 Board meeting.

Interim Administrator Tamayo stated that there would be a General Manager's meeting on Friday, January 16, 2004 with the general managers from the nine operating licensees. Interim Administrator Tamayo stated that the topics for discussion would include ticket vouchering, the Internal Control Systems, and Self-Exclusion.

Interim Administrator Tamayo stated that in regards to the 10th license, Staff is prepared to start with the bidding process and have received a lot of cooperation from Emerald Casino and Rothschild. Interim Administrator Tamayo stated that during the months of February and March, Staff anticipate a lot of meetings and a lot of reports during the negotiation process.

Public Commentary

Tom Swoik, Executive Director, Illinois Casino Gaming Association was present to discuss the state of the casino industry, with respect to jobs, hours of operation, and the mounting loss of market share to bordering states. Mr. Swoik stated that in 2002, the casino industry in Illinois employed nearly 11,000 people and paid almost \$365 million in salaries and fringe

benefits. Mr. Swoik stated that in 2003, the casino industry laid off nearly 700 employees, and they are not filling close to 600 additional vacancies.

Mr. Swoik stated that several licensees have reduced their hours of operation, while one has adjusted its hours to open later in the morning. Mr. Swoik stated that it is imperative to understand that the industry is not attempting to reduce revenues, rather, it is attempting to reduce costs.

Mr. Swoik stated that the Adjusted Gross Receipts (AGR) for the first six months of this fiscal year are down by over \$88 million dollars, and admissions are down by over 18%.

Mr. Swoik stated that it should be all of our goals to maintain a healthy industry that continues to serve as an economic engine for the State of Illinois. Mr. Swoik stated that it would certainly be ICGA's preference to continue to invest significant capital in growing our businesses and to provide important jobs for our employees.

Owner Licensee Items

ARGOSY GAMING COMPANY – REQUEST TO REFINANCE DEBT AND WAIVER OF TWO-MEETING RULE – James Butler, Corporate Counsel, was present to request a waiver of the Two-Meeting Rule and to refinance debt.

Mr. Butler stated that Argosy currently has \$350 million dollars in a senior subordinated note, which are outstanding and carry an interest rate of 10.75%. Mr. Butler stated that based on current market conditions, Argosy believes that it is possible to refinance the notes at a significantly lower interest rate. Mr. Butler stated that because market conditions could change rapidly, Argosy is requesting a waiver of the Two-Meeting Rule for approval of this transaction.

Member Clark moved that **the Board waive the requirement of Board Rule 3000.105(e) and permit Argosy Gaming Company to present to the Board its request to waive the two-meeting rule.** Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

Mr. Butler stated that Argosy has submitted the details concerning the transaction regarding the outstanding debt and the proposed replacement debt for Staff's review. Mr. Butler stated that over the past several weeks, Argosy has been addressing Staff's comments. Mr. Butler stated that he is present on behalf of Argosy to request approval to refinance debt.

Based on a review of the staff's investigation and recommendation, Member Clark moved that **the Board approve Argosy Gaming Company's request to refinance its debt pertaining to a \$350M senior subordinated note with a coupon rate of 10.75% and delegate to the Administrator under Board Rule 3000.230(d)(2), final approval of the transaction upon**

execution of the appropriate documents. The parameters of the refinancing shall be as follows:

Argosy Gaming Company shall be allowed to enter into a financing transaction at any time during the next 90 days with the following terms and conditions:

1. That the amount that Argosy seeks to borrow not exceed \$380M to complete the transaction, of which \$30M would consist of the tender premium;
2. That the interest rate adjustment from 10.75% be between 7.25%-7.75%;
3. That remaining terms are consistent with the term sheet sent by Argosy General Counsel James Butler and Argosy Chief Financial Officer, Dale Black on December 22, 2003;
4. No other terms and conditions have changed from the second amended and restated credit agreement which was previously approved by the Illinois Gaming Board on July 31, 2001.
5. That Argosy Gaming Company shall give notice to the Board within 24 hours of any transaction that is entered into pursuant to this order; and
6. That Argosy Gaming Company shall update the Board on the status of its debt refinancing at every regular scheduled Board meeting until the transaction is completed;

Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

PAR-A-DICE CASINO – TAMERA L. COUCHMAN, DIRECTOR OF SLOT OPERATIONS – LEVEL ONE – Donna More, Attorney, was present on behalf of Tamera L. Couchman to request approval as a Level One.

Based on a review of the staff's investigation and recommendation, Member Clark moved that **the Board approve Tamera L. Couchman as Director of Slot Operations-Level One of Par-A-Dice Gaming Corporation.** Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

PAR-A-DICE CASINO – LUIS A. MENESES, CONTROLLER – LEVEL ONE – Donna More, Attorney, was present on behalf of Louis Meneses to request approval as a Level One.

Based on a review of the staff's investigation and recommendation, Member Clark moved that **the Board approve Luis A. Meneses as Controller-Level One of Par-A-Dice Gaming Corporation.** Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

PAR-A-DICE CASINO – LOREN GILL, ASSISTANT GENERAL MANAGER – LEVEL ONE – Donna More, Attorney, was present on behalf of Loren Gill to request approval as a Level One.

Based on a review of the staff's investigation and recommendation, Member Clark moved that **the Board approve Loren Gill as Assistant General Manager at Par-A-Dice Gaming Corporation.** Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

HARRAH'S ENTERTAINMENT, INC. – JUAN CARLOS TOLOSA, PRESIDENT – KEY PERSON - Tom Thannus, Attorney, was present on behalf of Juan Carlos Tolosa to request approval as a Key Person.

Based on a review of the staff's investigation and recommendation, Member Clark moved that **the Board approve Juan Carlos Tolosa, as a Key Person of Harrah's Entertainment, Inc.** Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

Supplier Licensee Items

AMERICAN GAMING AND ELECTRONICS – LICENSE RENEWAL – George Toma was present on behalf of American Gaming and Electronics to request approval for license renewal.

Based on the staff's investigation and recommendation, Member Clark moved that **the Board approve the Supplier's license of American Gaming & Electronics, Inc. for a term of 4 years expiring January, 2008. Staff recommends that the IGB formally designate American Gaming & Electronics, Inc. to provide the following products and services to licensed riverboat casinos in the State of Illinois:**

- **Bill Validators**
- **Coin Comparitors**
- **Hopper Mechanisms**
- **Dealing Shoes**
- **Related parts, equipment, and service**

Additionally, based on staff's investigation and recommendation, Member Clark moved that **the Board approve the following entities, persons, and positions as Key Persons of the licensee:**

- **Wells-Gardner Electronics Corporation**
- **Anthony S. Spier**
- **Chief Executive Officer, Chief Operating Officer, President or functional equivalents.**

Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

Occupational Licensees

Based on staff's investigation and recommendation, Member Clark moved that **the Board approve 45 applications for an Occupational License, Level 2 and 79 applications for an Occupational License, Level 3.** Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

Proposed Complaints and Disciplinary Actions

- In re the Disciplinary Action of Iban Hernandez

Based on the staff's investigation and recommendation, Member Clark moved that **the Board issue a Disciplinary Complaint against Iban Hernandez, a Level 3 Occupational Licensee, for failing to comply with the Act and Board Rules in relation to his May 29, 2003 conviction for a Class 2 Felony.**

Further, Member Clark moved that **the Board revoke Mr. Hernandez's Occupational License. Said action to take affect twenty-one (21) days from the date of service of this complaint unless the licensee files an Answer within that time period.**

Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

- In re the Disciplinary Action of Charles Harris

Based on the staff's investigation and recommendation, Member Clark moved that **the Board issue a Disciplinary Complaint against Charles Harris, a Level 2 Occupational Licensee, for failing to comply with the Act and Board Rules in relation to his October 24, 2003 convictions for a Class 2 Felony and Theft.**

Further, Member Clark moved that **the Board revoke Mr. Harris' Occupational License. Said action to take affect twenty-one (21) days from the date of service of this complaint unless the licensee files an Answer within that time period.** Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

At 1:50 P.M., Member Clark moved that **pursuant to Section 2 (c), paragraphs (1), (11), and (14) of the Open Meetings Act, the Board retire to Closed Session to discuss the following subject matters:**

- 1. Pending litigation and matters involving probable litigation;**
- 2. Investigations concerning applicants and licensees; and**
- 3. Personnel matters.**

Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

Respectfully submitted,
Monica Thomas

Secretary to the Board